

IRA-Based Plans			
	Payroll Deduction IRA	SEP-IRA	SIMPLE-IRA
<b>Key Advantage</b>	Easy to set up and maintain.	Easy to set up and maintain.	Salary reduction plan with little administrative paperwork.
<b>Employer Eligibility</b>	Any employer with one or more employees.	Any employer with one or more employees	Any employer with 100 or fewer employees that does not currently maintain another retirement plan.
<b>Employer's Role</b>	Arrange for employees to make payroll deduction contributions. Transmit contributions for employees to IRA. No annual filing requirement for employer.	Set up plan by completing IRS Form 5305-SEP. No annual filing requirement for employer.	Set up plan by completing IRS Form 5304-SIMPLE or IRS Form 5305-SIMPLE. No annual filing requirement for employer. Bank or financial institution processes most of the paperwork.
<b>Contributors to The Plan</b>	Employee contributions remitted through payroll deductions	Employer contributions only.	Employee salary reduction contributions and employer contributions.
<b>Maximum Annual Contribution (Per Participant)</b>	\$3,000 for 2002 – 2004; \$4,000 for 2005 – 2007; \$5,000 for 2008. Additional contributions can be made by participants age 50 or over.	Up to 25% of compensation <sup>1</sup> or a maximum of \$40,000.	Employee: Up to \$7,000 in 2002 with \$1,000 annual increments until the limit reaches \$10,000 in 2005. Additional contributions can be made by participants age 50 or over. Employer: Either match employee contributions 100% of first 3% of compensation (can be reduced to as low as 1% in any 2 out of 5 yrs.) or contribute 2% of each eligible employee's compensation <sup>2</sup> .
<b>Contributor's Options</b>	Employee can decide how much to contribute at any time.	Employer can decide whether to make contribution year-to-year.	Employer can decide how much to contribute. Employer must make matching contributions or contribute 2% of each employee's compensation. <sup>2</sup>
<b>Minimum Employee Coverage Requirements</b>	Should be made available to all employees.	Must be offered to all employees who are at least 21 years of age, employed by the employer for 3 of the last 5 years and had earned income of \$450 (for 2002).	Must be offered to all employees who have earned income of at least \$5,000 in any prior 2 years, and are reasonably expected to earn at least \$5,000 in the current year.
<b>Withdrawals, Loans and Payments</b>	Withdrawals permitted anytime subject to Federal income taxes; early withdrawals subject to tax penalty.	Withdrawals permitted anytime subject to Federal income taxes; early withdrawals subject to tax penalty.	Withdrawals permitted anytime subject to Federal income taxes; early withdrawals subject to tax penalty.
<b>Vesting</b>	Contributions are immediately 100% vested.	Contributions are immediately 100% vested.	Employer and employee contributions are immediately vested 100%.

1 Maximum compensation on which 2002 contribution can be based is \$200,000.

2 Maximum compensation on which 2002 employer 2% non-elective contributions can be based is \$200,000.

Defined Contribution Plans					
	401(k)	SIMPLE 401(k)	Profit-Sharing	403(b)	Money Purchase
<b>Key Advantage</b>	Permits higher level of salary deferrals by employees that other retirement vehicles.	Plan is not subject to the discrimination rules that everyday 401(k) plans are.	Permits employer to make large contributions for employees.	Flexibility in contributions.	Permits employer to create large account balances for employees.
<b>Employer Eligibility</b>	Any employer with one or more employees.	Any employer with 100 or fewer employees that does not currently maintain another retirement plan.	Any employer with one or more employees.	Public school, college or university; public hospital; or a charitable entity tax-exempt under section 501(c)(3) of the Code.	Any employer with one or more employees.
<b>Employer's Role</b>	No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of Form 5500 is required. Also may require annual non-discrimination testing to ensure plan does not discriminate in favor of highly compensated employees.	The IRS has issued Model Amendments for SIMPLE 401(k) Plans. These Model Amendments permit a 401(k) plan to become a SIMPLE 401(k) Plan. Annual filing of Form 5500 is required.	No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of Form 5500 is required.	No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of Form 5500 may be required. Also may require annual non-discrimination testing to ensure plan does not discriminate in favor of highly compensated employees.	No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of Form 5500 is required.
<b>Contributors to The Plan</b>	Employee salary reduction contributions and/or employer contributions.	Employee salary reduction contributions and/or employer contributions.	Annual employer contribution is discretionary.	Employee salary reduction contributions and employer contributions.	Employer contributions are fixed.
<b>Maximum Annual Contribution (Per Participant)</b>	Employee: \$11,000 in 2002 with \$1,000 annual increments until the limit reaches \$15,000 in 2006. Additional contributions can be made by participants age 50 or over. Employer/Employee: Combined Contributions per participant up to the lesser of 100% of compensation <sup>1</sup> or \$40,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants.	Employee: Up to \$7,000 in 2002 with annual increases in \$1,000 annual increments until the limit reaches \$10,000 in 2005. Additional contributions can be made by participants age 50 or over. Employer: A dollar-for-dollar match up to 3% of pay or a 2% non-elective contribution for each eligible employee.	Contributions per participant up to the lesser of 100% of compensation <sup>1</sup> or \$40,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants.	Employee: Lesser of \$11,000 in 2002 and \$12,000 in 2003, or 100% of compensation. Employer/Employee: The lesser of \$40,000 or 100% of compensation. Note: The employee is still limited to the employee elective deferral limit (\$11,000 for 2002) – the employer can add up to another \$29,000.	Contributions per participant up to the lesser of 100% of compensation <sup>1</sup> or \$40,000. Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants.

Defined Contribution Plans					
	401(k)	SIMPLE 401(k)	Profit-Sharing	403(b)	Money Purchase
<b>Contributor's Options</b>	Employee can elect how much to contribute pursuant to a salary reduction agreement. The employer can make additional contributions, including possible matching contributions, as set by plan terms.	Employee can decide how much to contribute. Employer must make matching contributions up to 3% of each employee's pay, or a non-elective contribution of 2% of each eligible employee's pay.	Employer makes contributions as set by plan terms. Employee contributions, if allowed, as set by plan terms.	Employee can elect how much to contribute pursuant to a salary reduction agreement. Employer can make additional contributions, including possible matching contributions, as set by plan terms.	Employer makes contribution as set by plan terms. Employee contributions, if allowed, as set by plan terms.
<b>Minimum Employee Coverage Requirements</b>	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year.	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year.
<b>Withdrawals, Loans and Payments</b>	Withdrawals permitted after a specified event occurs (e.g., retirement, plan termination, etc.). Plan may permit loans and hardship withdrawals; early withdrawals subject to tax penalty.	Withdrawals permitted anytime subject to Federal income taxes; early withdrawals subject to tax penalty.	Withdrawals permitted after a specified event occurs (e.g., retirement, plan termination, etc.). Plan may permit loans and hardship withdrawals; early withdrawals subject to tax penalty.	Withdrawals permitted anytime subject to Federal income taxes; early withdrawals subject to tax penalty.	Payment of benefits after a specified event occurs (e.g., retirement, plan termination, etc.). Plan may permit loans; early withdrawals subject to tax penalty.
<b>Vesting</b>	Employee salary deferrals are immediately 100% vested. Employer contributions may vest over time according to plan terms.	Employer and employee contributions are immediately vested 100%.	Employer contributions may vest over time according to plan terms. Employee contributions, if any, are immediately 100% vested.	Employee salary deferrals are immediately 100% vested. A graduated vesting scale may be used for the employer contributions.	Employer contributions may vest over time according to plan terms. Employee contributions, if any, are immediately 100% vested.

- 1 Maximum compensation on which 2002 contribution can be based is \$200,000.
- 2 Maximum compensation on which 2002 employer 2% non-elective contributions can be based is \$200,000.

Defined Benefit Plans	
	Defined Benefit
<b>Key Advantage</b>	Provides a fixed, pre-established benefit for employees.
<b>Employer Eligibility</b>	Any employer with one or more employees.
<b>Employer's Role</b>	No model form to establish this plan. Advice from a financial institution or employee benefit advisor may be necessary. Annual filing of Form 5500 is required. An actuary <b>must</b> determine annual contributions.
<b>Contributors to The Plan</b>	Primarily funded by employer.
<b>Maximum Annual Contribution (Per Participant)</b>	Actuarially determined contribution.
<b>Contributor's Options</b>	Employer generally required to make contribution as set by plan terms.
<b>Minimum Employee Coverage Requirements</b>	Generally, must be offered to all employees at least 21 years of age who worked at least 1,000 hours in a previous year.
<b>Withdrawals, Loans and Payments</b>	Payment of benefits after a specified event occurs (e.g., retirement, plan termination, etc.). Plan may permit loans; early withdrawals subject to tax penalty.
<b>Vesting</b>	Right to benefits may vest over time according to plan terms.

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- 2 Maximum compensation on which 2002 employer 2% non-elective contributions can be based is \$200,000.